

Rural development plans in Germany: The national framework and 5 "Länder"

Country profile for Germany

Size: 357 000 km²

Population: 82.31 millions inhabitants (density: 231 inhabitants/ km²)

GDP per capita: 23 702 € (year 2003; source: national strategy plan for rural development)

Rural areas cover 80% of the German territory and about 40% of the population live in these areas. The German situation is characterized by important regional discrepancies such as population density, size of agricultural holdings, income and unemployment rate.

Globally speaking, more than 53 % of the total surface area of Germany is utilised as agricultural land (19.1 million ha), of which 9.4 million ha are classified as Less Favoured Areas, and 33% (11 million ha) is covered by forests (of which 47% are private owned).

Some 1.3 million people are employed in 400 000 farms (590 000 works units), with a high share of farms (53 %) managed by part time farmers. The average size of the agricultural holdings is 43 ha, with huge farms (mainly as legal entities) in the new *Bundesländer* (East Germany) and also in the North-West of Germany, and on the other side relatively small farms in Southern Germany. The value of the output of German agriculture amounts to about 43 billion € and, including forestry (over 3 billion €) and fisheries and fish farming (approximately 0.4 billion €) to around 47 billion €. Thereby the sector contributes about 1 % to the total gross value added produced in Germany (food industry: 4.6%)

The population working in agriculture is however better educated and has a better productivity than the EU-27 average, and is also more engaged in other activities, but there is still an important need of targeted investments in agriculture.

The diversity of natural resources and landscapes (from the North- and Baltic seas to the Alps) can also be seen as an important asset. 13.5% of the territory has been classified as Natura 2000 areas, and the preservation of the endangered biodiversity is seen as a very important issue.

In rural areas, the unemployment rate is higher than the German average, and the population working in agriculture is decreasing. Therefore, together with the provision of basic services and preservation of the rural heritage, accent has to be put to diversification of economic activities and job creation. In this respect, the encouragement of tourism activities as well as the development of renewable energy sources are seen as bringing important potentialities.

Chosen strategy corresponding to the profile

Due to its federal structure, the Federal Republic of Germany implements the rural development policy through rural development programmes (RDP) established at the regional level of the *Länder*. In this respect, 14 regional programmes (Brandenburg/Berlin and Low Saxony/Bremen present joint programmes), and a programme related to the national network have been submitted to the Commission's services.

National framework

However, Germany has also submitted a national framework containing common elements of these regional programmes (Council Regulation (EC) No 1698/2005 of 20 September 2005, Article 15(3)). The measures included in this document, which do not cover the whole scope of measures defined in the above mentioned Council Regulation, constitute the core of the *Länder* programmes, and shall benefit in these programmes from a co-funding of the Federal State (*Bund*), in the framework of a common action *Bund/Länder* called "improvement of the agrarian structure and the coastal protection" (*Gemeinschaftsaufgabe "Verbesserung der Agrarstruktur und des Küstenschutzes"* - GAK). Hence, the approval of this document by the Commission is a pre-condition for the approval of the German regional programmes.

The National Framework contributes to the implementation of the German national strategy plan, of which central objectives, in compliance with the Community strategic guidelines, are:

- To enhance the competitiveness, to provide for new income sources, with subsequent creation and securing of jobs, within and outside the agricultural and forestry sectors.
- to improve the training and skills levels, as well as the innovation potential
- to enhance the nature and environmental protection and the animal welfare;
- to preserve and develop the quality of the landscapes, especially through land management
- to maintain and to improve quality of life in rural areas.

For these measures, when implemented according to the national framework, regional rural development programmes may only contain additional information, provided that information contained jointly under national framework and regional programmes complies with the requirements of Annex II to the Commission Regulation (EC) No 1974/2006 of 15 December 2006.

However, the *Länder* RDPs, with their indicative financial plans, and not the National Framework, will be the basis for co-financing from the EAFRD budget.

Budget for Germany

Total: € 13 207 160 695, of which EAFRD¹ support amounts to € 8.112 517 055 € (Convergence regions: € 3 174 037 771)

¹ EAFRD: European Agricultural Fund for Rural Development

Bavaria

Region profile

- With a total of 12.4 million inhabitants Bavaria is one of the larger German Länder and the largest one in terms of its territory.
- In terms of economic performance it is also one of the most prosperous German regions. Accordingly, the average gross value added per worker was in 2002 with 54,345 € significantly higher than the German average (50,700 €).
- Bavaria has with Munich and with Nuremberg-Furth-Erlangen two urban centres with a particularly high population density (3,070 inhabitants/km²). In contrast to these two sub-regions many parts of Bavaria are sparsely populated and have a population density of less than 80 inhabitants/km². In comparison to the average of Germany the share of the population living in rural areas in Bavaria is significantly higher.
- In contrast to others in Germany, Bavaria has experienced population growth and not only in urban centres but also in many rural counties. The factor most important for this trend has been a positive migration balance, which can be considered as an indicator of the relative attractiveness of the region.
- About half of the Bavarian territory (i.e. 32.7 thousand km²) is utilized for agricultural production; another 30% is covered by forests.
- On average the agricultural sector contributes only 1.2% of total value added produced in Bavaria. This share is obviously with 2-3% in rural districts much higher. The share of people employed in agriculture varies in these rural districts between 5 and 7%.
- In 2005 there were still about 125,000 farms in Bavaria and therefore approximately one third of all German farms. The average farm size in Bavaria in 2003 was with 24.1 ha smaller than for Germany as a whole (43 ha) but larger than the European average (EU-25) of 15.8 ha.
- Given the relatively high number of farmers in Bavaria agricultural policies are particularly important in this region of Germany. The sector employed in 2003 about 332,000 people of which about 75% were not part-timers.
- The average share of grassland was with 35.1% significantly higher than on average for Germany as a whole and indicates already the outstanding role of dairy production and cattle breeding in Bavaria.
- 4,701 farms were registered as organic producers accounting for about 28% of all organically producing farms in Germany.
- The tension between high intensive and competitive agricultural production on the one hand and ecologically more friendly agricultural production in less favoured areas and/or areas with high ecological value on the other necessitates a differentiated design of support policies.

Chosen Strategy:

With its rural development programme for 2007-13 Bavaria pursues an innovative and growth oriented policy, which takes into account the economic, ecological and social dimensions. Furthermore, the Bavarian strategy makes an explicit reference to and builds on the Community Strategic Guidelines (CSG) on Rural Development as well the National Strategy Plan on Rural Development of Germany. The major objective is to strengthen rural areas as independent and diverse livelihoods and to establish and maintain equal living conditions in all sub-regions of the Land.

More specifically the following objectives were formulated:

- Stabilization of family-based farms by improving their competitiveness;
- Securing and creating jobs by increasing the competitiveness on all levels of the agro-forestry sector;
- Developing and securing new markets (e.g. renewable energies);
- Maintaining the cultural heritage of the typical Bavarian landscapes;
- Sustaining high-value nature sites and species and developing livelihoods closely linked to nature;
- Supporting the sustainable development of villages.

Furthermore, rural areas should be:

- enabled to be host for a multifunctional and competitive agri-buisness, as well as for innovative Small-and-Medium-Sized firms in the trade and service sector;
- livelihoods that are family-friendly and affordable;
- the source for creative ideas in finding new and modern models for active and self-independent civil societies;
- Recreational and culturally attractive areas for citizens from urban areas.

Generally a strong emphasis is placed on protecting the environment and to improve the sustainability of the agricultural and forestry sector. Therefore axis 2 is the most important axis in financial terms. The share of funding (2007-13) allocated to each axis is shown in the table below:

Axis	Total Public Expenditure	Share of EAFRD in Public expenditure in %	EAFRD Contribution
Axis 1	553 780 000	50	276 890 000
Axis 2	1 547 015 416	50	773 507 708
Axis 3	268 558 000	50	134 279 000
LEADER	126 000 000	50	63 000 000
Technical assistance	12 534 000	50	6 267 000
Total	2 507 887 416	50	1 253 943 708

North-Rhine Westphalia

Region Profile:

- Highest population of all German Länder (over 18 million) and highest population density (excluding the metropolitan Länder).
- Total area 34,085 km²
- GNP per capita slightly above German average.
- Unemployment rate around German average (11.9%; high in comparison with West German Länder) but lower in rural areas.
- Economic growth in the last decade below German average due to decline in the secondary sector.
- Sharp structural change in the secondary sector with big job losses; both production (71%) and employment (65%) dominated by the tertiary sector.
- Agriculture and forestry make up 0.7% of total production, below the German average (1.0%).
- Around 54 000 holdings in agriculture and more than 4 200 in forestry; full-time and part-time farming evenly spread.
- Utilized agricultural area: around 1.54 million ha.

Chosen strategy:

The strategy chosen is based on the principle of improving the economic situation and living conditions in rural areas. In accordance with this principle and with the SWOT analysis, the strategy was built on the European model of multifunctional agriculture and the objectives of the four axes of the Rural Development Regulation. The overall objectives were therefore chosen in accordance with the Community Strategic Guidelines (CSG) and the National Strategy Plan and are:

- improving the competitiveness of the agricultural and forestry sector,
- sustainable use of natural resources and landscape conservation,
- conservation and development of attractive and vigorous rural areas,

flanked by the methodological objective of

- setting up integrated regional networks.

Strong emphasis is placed on the environment, nature protection and landscape conservation, taking account of the various environmental effects of agriculture and forestry and the demands of society. Therefore axis 2 is the most important axis in financial terms.

The share of funding allocated to each axis is shown in the table below:

Axis	Total Public Expenditure	Share of EAFRD in Public expenditure in %	EAFRD Contribution
Axis 1	217 441 048	25	54 360 262
Axis 2	425 566 116	45	191 504 752
Axis 3	116 989 084	25	29 247 271
LEADER	29 247 270	50	14 623 635
Technical assistance	5 477 066	50	2 738 533
Total	794 720 584	36.80	292 474 453

Saxony

Region Profile:

- Saxony has a surface area of 18,415 km² and a population of 4.296 million. The forecast for 2020 is a decline in population by 11.5% as a result of birth deficits and outward migration. Major reasons for the latter include the lack of employment and training opportunities.
- Saxony, which covers the three NUTS II regions Chemnitz, Leipzig and Dresden, is fully eligible under the Convergence objective.
- The economic situation in Saxony is characterized by a generally sluggish development. The gross domestic product in purchasing power standards (GDP in PPS) was 15,515 EUR/inhabitant in 2002. This was equivalent to 67.4% of the German GDP in PPS.
- At 2.2%, economic growth was above the overall German growth rate of 1.6%. In 2003, per capita productivity was approximately 40,600 EUR, equivalent to 73% of the overall German level.
- Unemployment is one of the key issues in the development of Saxony. The unemployment rate was 18.5% in rural areas and 17.0% in densely populated areas.
- The agricultural and forestry sectors make up approximately 1.4% of Saxony's gross value added. Approximately 2.5% of Saxony's working population are employed in the agricultural and forestry sectors, although the proportion of those in full employment is declining.
- Land use: 56% agricultural land, 27.9% forests, 1.8% water, 11.1% settlement and traffic areas, and 3.2% other.
- Agricultural land (AL) covers approximately 908,000 hectares, of which around 80% is arable land and 20% permanent grassland.
- The AL is cultivated by 6,890 agricultural holdings.
- Farming structures and availability of land for holdings are mostly favourable. Arable farms and mixed farms dominate land-use management in Saxony (53% of all farms). 40% of the woodland is in private hands.

Chosen strategy:

The central priorities were set with due consideration of the socio-economic analysis. Primarily it is intended to advance the integrated development of rural areas by concentrating on the following elements:

- Improve competitiveness of holdings and increase value added,
- Improvement of infrastructural conditions,
- Implementation of sustainable communal strategies,
- Maintenance of the cultural landscape,
- Improve condition of waters,
- Protection and regeneration of natural soil functions,
- Sustainable protection of biodiversity, and
- Maintenance of multifunctional forests.

In accordance with the National Strategy Plan these objectives should be reached by

- supporting investments both inside and outside the agricultural sector,
- implementing integrated development strategies, and by
- promoting voluntary agri-environmental measures.

This leads to a strong emphasis on axis 3 measures, particularly in the field of "village renewal" and "basic services for the rural economy and rural population". The share of funding allocated to each axis is shown in the table below:

Axis	Total Public Expenditure	Share of EAFRD in Public expenditure (in %)	EAFRD Contribution
Axis 1	266 173 789	75	199 630 342
Axis 2	383 116 364	80	306 493 091
Axis 3	479 042 895	75	359 282 171
LEADER	57 065 625	80	45 652 500
Technical assistance	21 000 000	75	15 750 000
Total	1 206 398 673	76.82	926 808 104

Hessen

Region Profile:

- Total area 21.115 km² and 6.1 Mill inhabitants; located in the middle of Germany and surrounded by 6 other German Bundesländer, no direct border to other Member State.
- Land use is dominated by agriculture 42.6% and forestry 40%.
- Apart from the Rhine-Main area, the economic and social situation has a strong decreasing tendency from southern to northern Hessen (GNP lower and unemployment rates partly much higher than DE average)
- Rural areas, situated notably in central and northern Hessen, are very divergent and have less favoured economic and social indicators regarding income, job and competition situation and an increasing loss of service sectors and non-sufficient organisational structures linked to agricultural production, processing and marketing.
- Very nice landscapes and attractive mountain areas with good potential for increasing tourism and maintenance of cultural heritage.
- Political priorities (among others): a) to process and marketing of regional and high-quality products (EU and regional quality schemes) b) to promote sustainable use of natural resources and landscape conservation, and c) to develop the use of existing potential for energetic use of biomass, which is by far not yet exhausted.
- With forests making up 40% of its area, Hessen is one of the leading German Länder. However, harvest potential is low.

Chosen strategy:

The strategy chosen is based on the principle of improving the economic situation and living conditions in rural areas. In accordance with this principle and with the SWOT analysis, the strategy was built on the European model of multifunctional agriculture and the objectives of the four axes of the Rural Development Regulation. The overall objectives were therefore chosen in accordance with the Community Strategic Guidelines (CSG) and the National Strategy Plan and are:

- improving the competitiveness of the agricultural and forestry sector,
- sustainable use of natural resources and landscape conservation,
- conservation and development of attractive income diversifications in rural areas,

with complementary regionally financed measures outside EARDF contributions for targets of axis 1, 2 and 3.

Strong emphasis is placed on the environment, nature protection and landscape conservation, taking account of the various environmental effects of agriculture and forestry and the demands of society. Therefore axis 2 is the most important axis in financial terms regarding EU contribution.

The share of funding allocated to each axis is shown in the table below:

Axis	Total Public Expenditure	Share of EAFRD in public expenditure in %	EAFRD Contribution
Axis 1	120 200 000	50	60 100 000
Axis 2	230 800 000	50	115 400 000
Axis 3	38 400 000	50	19 200 000
LEADER	41 600 000	50	20 800 000
Technical assistance	5 744 904	50	2 872 452
Total	436 744 904	50	218 372 452

Brandenburg

Region Profile:

- The Brandenburg region is one of the five so-called "New Länder" in Germany; it is located in the North-East of the country and has a direct border with Poland. It encircles the capital city of Berlin. Therefore, given that relatively little support is going directly to the rural areas of Berlin, the Länder of Brandenburg and Berlin submitted this joint rural development programme.
- Brandenburg covers about 29 500 km², corresponding to about 9% of the total area of Germany. About 1.34 million ha are used as agricultural land and about 1.09 million ha are forest. By contrast, the territory of Berlin is only 889 km², but it has about 3.5 million inhabitants - substantially more than Brandenburg, which has about 2.56 million.
- For the city of Berlin, about 4 400 ha are registered as agricultural land and about 16 100 ha as forests.
- The regions directly adjacent to Berlin are home to about 39% of Brandenburg's total population and saw their population increase by about 9% between 2000 and 2005, while in the other, more remote, regions the population declined by 7%.
- Accordingly there are significant variations in population density. In the region adjacent to Berlin, population density is as high as 205 inhabitants/km², the average for Brandenburg is 87 and in the most peripheral districts it is as little as 43.
- In terms of economic development, Brandenburg is lagging behind the average for Germany, with Gross Value Added (GVA) per inhabitant or per employee reaching only 87.4% and 83.9%, respectively, of the national average in 2004.
- The structure of the economy in Brandenburg is dominated by the services sector, which produced about 72.9% of GVA in 2004. Industry contributes 18.7% and agriculture, forestry and Fisheries together contribute 2.4% to GVA (twice more than the German average).
- In 2004 the production value of agriculture totalled about €2 billion and gross value added from the primary sector (including forestry and fisheries) reached €1 billion. Since 2000 the number of people employed in agriculture has fallen by about 3 000, giving a total of about 41,000 people (4% of all employees) in 2004.
- In Brandenburg, between 1999 and 2005 the number of farms declined from 7 008 to 6 668. In the agricultural sector of Berlin, there were about 86 farms (agricultural holdings and farms specialised in the production of horticultural products).
- The majority of agricultural land in Brandenburg has relatively low soil fertility by comparison with other regions in Germany. Therefore, three quarters of all agricultural land in Brandenburg has a less favoured area classification. In 2005 the dominant crop was cereals, which were cultivated on 538 000 ha. Another very important crop was oil-seeds, occupying 142,000 ha. Land used for renewable energies made up 62 000 ha (about 6%) of arable land.
- Brandenburg's ratio of forest area per inhabitant is 0.34 ha – the highest of all the German Länder.

- Brandenburg possesses a large number of landscapes and biotopes of great natural value, including some 3 000 lakes larger than 1 ha. It has a great diversity of landscapes and a relatively large proportion of forests. Of the 200 habitats classified in Germany under European nature protection rules, 34 are to be found in Brandenburg.

Chosen Strategy:

The German National Strategy Plan had already noted that one of the characteristics of the "new Länder" was a significant and lasting population decline. In Brandenburg this population decline is particularly marked in the peripheral districts, thus generally accentuating the disparities between these regions and those close to Berlin. Therefore, demographic trends have been taken into account in designing the regional strategy chosen for rural development. Part of this approach is a "demography check", based on which the sustainability of any public investments under the heading of rural development (and other policies) has to be documented and analysed. This includes estimating the number of users expected for any public investment projects. Demographic trends have likewise been taken into account in the SWOT analysis.

The general objectives of rural development policies in Brandenburg have been chosen by analogy with the following objectives defined in the Community Strategic Guidelines and the National Strategic Plan:

- 1. Strengthening the creation of value added and improving competitiveness of agricultural production to secure jobs and developing rural areas into a knowledge-based economic area.
- 2. Securing and improving the natural potential; support for the development of a strategy to reduce the climate change risk; securing agricultural production in all parts of the region in order to preserve the specific cultural landscapes.
- 3. Support for the creation of employment outside agriculture; stabilisation of population development by improving quality of life in rural areas.

Generally the program is relatively balanced in terms of the distribution of funds between the three thematic axes. The share of funding (2007-13) allocated to each axis is shown in the table below:

Financial plan by axis for the convergence region (Brandenburg)

Axis	Public expenditure		
	Total in €	Contribution of EAFRD (%)	EAFRD contribution in €
Axis 1	485 413 333	75	364 060 000
Axis 2	426 537 500	80	341 230 000
Axis 3	367 481 600	75	275 611 200
LEADER	66 407 500	80	53 126 000
Technical assistance	35 405 668	75	26 554 251
Total	1 381 245 601		1 060 581 451

Financial plan by axis for the non-convergence region (Berlin)

Axis	Public expenditure		
	Total in €	Contribution of EAFRD (%)	EAFRD contribution in €
Axis 1	2 380 000	50	1 190 000
Axis 2	1 330 909	55	732 000
Axis 3	0	75	0
LEADER	0	80	0
Technical assistance	0	75	0
Total	3 710 909		1 922 000